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China Soft Power Technology Holdings Limited

中國軟實力科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

**(I) CHANGES OF EXECUTIVE DIRECTOR, CHAIRMAN OF THE BOARD AND COMPOSITION OF BOARD COMMITTEES; AND
(II) CONNECTED TRANSACTION — LOAN TRANSACTION**

CHANGES OF EXECUTIVE DIRECTOR, CHAIRMAN OF THE BOARD AND COMPOSITION OF BOARD COMMITTEES

The Board announces that with effect from 2 December 2016:

- (1) Mr. Wei Zhenyu has tendered his resignation as an executive Director, the Chairman and the chairman of both the Executive Committee and Nomination Committee of the Company; and
- (2) Mr. Chen Xiaodong has been appointed as an executive Director, the Chairman and the chairman of both the Executive Committee and Nomination Committee of the Company.

LOAN AGREEMENT

The Board also announces that on 24 August 2016, the Lender (an indirect wholly-owned subsidiary of the Company) entered into the Loan Agreement with the Borrower pursuant to which, the Lender has conditionally agreed to provide the Loan Facility of HK\$31,900,000 to the Borrower for a term of nine months commencing from the day of drawing appearing on the first notice of drawing given by the Borrower.

The Borrower, upon appointment as the Chairman and an executive Director, becomes a connected person of the Company under the Listing Rules. Accordingly, the grant of the Loan Facility therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATION

As the Loan Facility exceeds HK\$3,000,000 and the applicable percentage ratios in respect of the grant of the Loan Facility are more than 0.1% but less than 5%, the grant of the Loan Facility is subject to reporting and announcement requirements but exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

RESIGNATION OF EXECUTIVE DIRECTOR

The board (the “**Board**”) of directors (the “**Directors**”) of China Soft Power Technology Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that Mr. Wei Zhenyu (“**Mr. Wei**”) has tendered his resignation as an executive Director, the chairman of the Board (the “**Chairman**”) and the chairman of both the Executive Committee and the Nomination Committee of the Company, to pursue his other business engagements, with effect from 2 December 2016. Mr. Wei has confirmed that he has no disagreement with the Board and is not aware of any matters relating to his resignation that need to be brought to the attention of the shareholders of the Company.

Taking this opportunity, the Board would like to express its appreciation and gratitude to Mr. Wei for his contribution and services to the Company in the past.

APPOINTMENT OF EXECUTIVE DIRECTOR

The Board further announces that Mr. Chen Xiaodong (“**Mr. Chen**”) has been appointed as an executive Director, the Chairman and the chairman of both the Executive Committee and the Nomination Committee of the Company with effect from 2 December 2016.

The biographical details of Mr. Chen are set out below:

Mr. Chen, aged 35, holds a bachelor degree of management from Royal Holloway, University of London. He also holds a master of science degree in process technology and business management from University of Warwick. He has more than 10 years of experience in bank and securities marketing and is familiar with the local market and has strong capabilities in market exploration, customer appraisal and risk management. He also has extensive experience of regulations and rules of financial market in Hong Kong and Mainland China, as well as certain corporate financial analysis skill.

Save as disclosed above, Mr. Chen has not held other directorships in the last three years in any other public companies the securities of which are listed on any securities markets in Hong Kong or overseas and does not have other relationships with the Directors, senior management, substantial shareholders or controlling shareholders (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Company.

Mr. Chen has not been appointed for any fixed term but is subject to retirement and re-election in accordance with the Company's Bye-laws. Pursuant to the service agreement entered into between the Company and Mr. Chen, Mr. Chen is entitled to receive remuneration package of HK\$600,000 per year plus a discretionary bonus as may be determined by the Board with reference to his performance. The foregoing emolument of Mr. Chen is recommended by the Company's Remuneration Committee and approved by the Board with reference to his qualifications, experience and responsibilities with the Company.

As far as the Board is aware, as at the date of this announcement, Mr. Chen does not have or is not deemed to have any interests or short positions in the shares or underlying shares of the Company pursuant to Part XV of the Securities and Futures Ordinance.

As confirmed by Mr. Chen and as far as the Board is aware, Mr. Chen has no information to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters relating to Mr. Chen's appointment that need to be brought to the attention of the shareholders of the Company.

The Board would like to take this opportunity to welcome Mr. Chen for joining the Board.

THE LOAN AGREEMENT

The Board also announces that on 24 August 2016, Top Billion Finance Limited (the "**Lender**"), an indirect wholly-owned subsidiary of the Company as the lender, entered into a loan agreement (the "**Loan Agreement**") with Mr. Chen (the "**Borrower**") as the borrower, pursuant to which, the Lender has conditionally agreed to provide a loan facility in the principal amount of HK\$31,900,000 (the "**Loan Facility**") to the Borrower for a term of nine months commencing from the day of drawing appearing on the first notice of drawing given by the Borrower. The Borrower had given a notice of drawing on 24 August 2016 for the principal amount of HK\$31,900,000 with the day of drawing as 24 August 2016.

As at the date of this announcement, the Borrower was appointed as the Chairman and an executive Director. The Borrower therefore becomes a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Loan Agreement constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

The principal terms of the Loan Agreement are summarised as follows:

Date of the Loan Agreement	24 August 2016
Lender	Top Billion Finance Limited, a limited company incorporated in the Hong Kong Special Administrative Region of the People's Republic of China (" Hong Kong ") and an indirect wholly-owned subsidiary of the Company. Top Billion Finance Limited is a licensed money lender in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong)
Borrower	Mr. Chen, the Chairman and an executive Director

Loan Facility	A loan facility in the principal amount of HK\$31,900,000 to be made available to the Borrower by the Lender subject to and upon the terms and conditions of the Loan Agreement
Final repayment date of the Loan Facility (the “ Final Repayment Date ”)	Nine (9) months from the day of drawing appearing on the first notice of drawing given by the Borrower, or if it falls on a non-banking day, then the first banking day immediately thereafter
Repayment	The Borrower shall repay the full amount of the loan with all outstanding accrued interest and other monies outstanding in connection with the Loan Facility on or before the Final Repayment Date
Interest	Interest shall accrue at the rate of 5% per annum. Interest shall be payable on quarterly basis on the dates falling on the last day of every 3 calendar months after the drawdown date (except the last interest payment shall be made on the Final Repayment Date). The interest shall be calculated on the basis of actual number of days elapsed and on a 365-day per year basis
Default Interest	If the Borrower shall be in default in payment of any sum payable under the Loan Agreement, the Borrower shall be liable to pay interest on the outstanding sum at the rate of 5% per annum from the due date of payment up to the actual repayment thereof (both days inclusive) and such default interest shall be paid on demand and be compounded on the end of each successive intervals of 30 days

The loan drawn under the Loan Facility was funded by internal resources of the Group.

The terms of the Loan Agreement had been arrived by the Lender and the Borrower after arm’s length negotiation, having regard to the then market conditions.

INFORMATION ON THE GROUP

The Group is principally engaged in trading and distribution of electronic and accessory products and other merchandise, financial investments and trading, money lending business and the research and development of integrated circuit technology, information and big data technology.

INFORMATION ON THE BORROWER

The Borrower was appointed as the Chairman and an executive Director as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE GRANT OF THE LOAN FACILITY

The granting of the Loan Facility was in the Lender's ordinary and usual course of business. Having considered the financial background of the Borrower and the interest income to be earned by the Group, the then Directors (including the independent non-executive Directors) believed that the terms of the Loan Agreement were on normal commercial terms and in the ordinary and usual course of business of the Group, were fair and reasonable and in the interest of the Company and its shareholders as a whole. The Directors will explore further business opportunities in the money lending sector and develop the Group's customers base as and when appropriate.

LISTING RULES IMPLICATIONS

As stated above, upon appointment as the Chairman and an executive Director, the Borrower becomes a connected person of the Company under Chapter 14A of the Listing Rules.

As the Loan Facility exceeds HK\$3,000,000 and the applicable percentage ratios in respect of the grant of the Loan Facility are more than 0.1% but less than 5%, the grant of the Loan Facility is subject to reporting and announcement requirements but exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

As at 24 August 2016 (the date of the Board meeting approving the Loan Agreement and the transactions contemplated thereunder), none of the then Directors had a material interest in the Loan Agreement and the transactions contemplated thereunder, and therefore none of them were required to abstain from voting on the Board resolution in relation to the Loan Agreement and the transactions contemplated thereunder.

On behalf of the Board
China Soft Power Technology Holdings Limited
Yu Qingrui
Executive Director

Hong Kong, 2 December 2016

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors

Mr. Chen Xiaodong (*Chairman*)

Mr. Yu Qingrui

Ms. Lam Hay Yin

Independent non-executive Directors

Mr. Kwok Chi Kwong

Mr. Chen Youchun

Mr. Mai Qijian